Project; however a fresh package of incentives has now been offered by the Government of Orissa.

Circulation of mutilated currency notes in A.P.

* 336. DR. DASARI NARAYANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that torn, mutilated and dirty currency notes of smaller denominations arc in circulation in Andhra Pradesh and banks and their branches refuse to exchange these notes resulting in hardships to people and traders;

(b) if so, the details thereof; and

(c) the remedial measures being taken to improve the situation?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The printing of smaller denomination notes of Re. 1, Rs. 2 and Rs. 5 was stopped in November, 1994, February, 1995 and November, 1995 respectively. Some of these notes arc in circulation throughout the country including the State of Andhra Pradesh.

(c) Reserve Bank of India (RBI) has issued instructions to all Public Sector Banks and the currency chest branches to exchange torn and mutilated notes tendered by the public. Further, when any specific complaint is received, immediate instructions arc issued to the concerned bank to redress the grievances.

Diversion of funds by financial companies

*337. SHRI A. VIJAYA RAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether companies divert funds lent by financial institutions for unauthorised purposes, despite the presence of nominees of financial institutions on their Boards;

(b) if so, the details of such companies alongwith the details of funds diverted during the last three years, year-wise;

(c) whether Industrial Development Bank of India has examined the above diversion of funds;

(d) if so, the remedial measures suggested and action taken thereon; and

(e) whether above diversion of funds is responsible for the occurrence of non-performing assets in the financial sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) IFCI Ltd. has reported 6 cases and Industrial Development Bank of India (IDBI) has reported 1 case of diversion of funds during the three years *i.e.* 1.4.98 to 31.3.2001. ICICI Ltd., Small Industries Development Bank of India (SIDBI), Industrial Investment Bank of India (IIBI) and EXIM Bank have reported no case of diversion of funds during this period.

(b) A Statement indicating the cases of diversion of funds reported during the three years period referred to above is enclosed. *{See* below)

(c) and (d) IDBI have issued detailed guidelines to their nominee directors for ensuring, among others, proper and use of funds through the monitoring mechanism and these are updated from time to time whenever considered necessary. Both IDBI and IFCI have initiated appropriate legal action against the companies including filing of recovery suits.

(e) The main reasons for NPAs in the financial sector are industrial slowdown, low demand growth, technological obsolescence, delay in project implementation and change in macro economic scenario.

Statement

Cases of diversion of funds reported by IFCI

SI.No.	Name of the company	Amount diverted (Rs. In crores)	Action taken
1	2	3	4
1.	NEPC India Ltd.	0.69	Recovery suit has been filed against the company.
2.	Pentafour Products Ltd.	8.30	Recovery suit has been filed against the company.

1	2	3	4	
3.	Mums Forge Ltd.	3.50	Recovery suit has been the company.	filed against
4.	AVI Packaging Ltd.	15.50	Recovery suit has been the company.	filed against
5.	Punjab Woolcombers Ltd.	4.66	Recovery suit has been the company.	filed against
■ 6.	Siddhartha Super Spinning Mills Ltd.	; 5.63	Recovery suit has been the company.	filed against

Cases of diversion of funds reported by IDBI

SI.No.	Name of the company	Amount diverted (Rs. In crores)	Action taken	
1.	DSQ Industries Ltd.	9.00	Recovery suit has been the company.	filed against

International deals. under tax net

† * 338. SHRI BALKAVI BAIRAGI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are taking any initiatives for bringing International deals under the tax-net;

(b) whether it is a fact that Government propose to enforce transfer pricing rules from April, 2002; and

(c) if so, whether Government also propose to include liberal proposals in these rules, such as providing documents to the taxpayers and let them decide their own ways and means of the costs based on arms length prices using their own methodologies etc; if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)^ (a) Yes, Sir.

† Original notice of the question was received in Hindi.